



Public Service Commission

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Rory M. Christian, Chair

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22036 / 21-E-0074; 21-G-0073

PSC Cuts O&R Rate Hike Request Substantially

Commission Decision Slashes Proposed Rate Increase by More Than 50 Percent

Requires Deployment of Infrastructure Support for Nearly 34,000 Electric Vehicles

Annual Electric and Gas Increases Kept Below 2 Percent for Next 3 Years

Eliminates Wage Increases for Senior Executives for 2 Years

Rate Case Decision Consistent with Climate Act

ALBANY — The New York State Public Service Commission (Commission) today approved a three-year electric and gas rate plan for Orange and Rockland Utilities, Inc.'s (Orange & Rockland) customers that is significantly lower than what the company initially requested. The Commission adopted a joint proposal signed by the company, Department staff, and the New York Power Authority, among others, that contains provisions to further the objectives of the Climate Leadership and Community Protection Act (CLCPA or Climate Act) and respond to the economic conditions created by the COVID-19 pandemic, while ensuring that the utility continues to provide safe and reliable service at just and reasonable rates.

“The joint proposal we have adopted allows for funding for the company to maintain safe and reliable service, while moderating rate impacts during the term of the rate plan and mitigating the impacts to ratepayers suffering the financial consequences of the pandemic,” **said Commission Chair Rory M. Christian.** “Further, this agreement is consistent with our nation-leading clean-energy initiatives and our social and economic-justice policies.”

Orange & Rockland had sought an increase in electric revenues of \$24.5 million (or a 5.8 percent increase in base delivery and a 3.3 percent increase in total system revenues); and an increase in gas revenues of \$9.8 million (or a 6.9 percent increase in base delivery and a 4 percent increase in total system revenues).

Today's decision establishes a three-year rate plan for electric and gas service provided by Orange & Rockland for the period January 1, 2022 through December 31, 2024, that allows revenues to increase by 2 percent for electric and 1.92 percent for gas in the first year, and by less than 2 percent for electric and gas in the second and third year, providing an immediate benefit to ratepayers who would otherwise experience higher rates at a time when the economy is still recovering from the COVID-19 pandemic.

In direct response to customer concerns, the Commission eliminated wage increases for senior management for a two-year period from October 1, 2020 through December 31, 2022, which results in saving customers approximately \$510,000. Further, the Commission opted to pass on to customers \$975,000 in benefits realized from COVID-19 relief-related payroll tax credits under the federal Employee Retention Tax Credit. The Commission said the tax credit is for the benefit of customers, rather than for shareholders to retain, as the company initially proposed.

Total electric bills for a residential customer using 600 kilowatt hours per month would increase by 1.4 percent in the first year, 2.7 percent in the second year, and 3.1 percent in the third year. Total gas bills for a residential heating customer using 110 hundred cubic feet per month or 110 ccf per month would increase by 3.2 percent in the first year, 1.8 percent in the second year, and 2.3 percent in the third year.

With today's decision, Orange & Rockland will seek to reduce the amount of electricity and natural gas consumed. It will also:

- Deploy approximately 3,000 electric vehicle (EV) plugs to support an expected 33,866 EVs (resulting in 1.6 million avoided tons of carbon by 2025);
- Target an additional 84.6 MW of energy storage by 2024;
- Target approximately 120 MW of solar energy by 2024; and
- Remove the promotion of natural gas conversions through customer mailings, emails and marketing material.

In addition to mentioned parties, the joint proposal was signed by the New York Geothermal Energy Organization, and New Yorkers for Cool Refrigerant Management. In soliciting public input on the joint proposal, the Commission held public statement hearings and solicited comments. In upstate New York, Orange & Rockland provides electric service to approximately 233,000 customers, and gas service to approximately 140,000 customers.

Today's decision is the result of substantial efforts of the parties to these proceedings. The negotiated phase of this process commenced after parties had the opportunity to submit testimony and began with the issuance of a notice to all potential participants as required by the Commission's rules. Members of the public were offered the opportunity, through Commission solicitations, to comment on the joint proposal through various means, including making statements at a public hearing, filing written comments, and leaving oral comments by phone message. All interested parties had a full opportunity to participate in these proceedings and address the provisions of the joint proposal.

The joint proposal had the support of five parties, and the fact that the proposed terms are supported suggests that the joint proposal reflects a reasonable compromise within the range of outcomes that could have been expected from a litigated decision. Indeed, the joint proposal's terms propose actions that could only be reached through settlement and is likely superior to a litigated outcome. The Commission's action adopting the joint proposal requires Orange & Rockland to take various steps in furtherance of the State's greenhouse gas emissions reductions targets and clean energy priorities as stated in the CLCPA.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 21-E-0074 or 21-G-0073 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access.

Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.